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CORRUPTION IN DEVELOPING WORLD

Corruption is costing the developing world billions of dollars each year. It siphons off scarce resources and diminishes a country's prospects for development. In a country where corruption is endemic, the consequences are disproportionately and cruelly borne by the poor who have no resources to compete with those able and willing to pay bribes. Shabbir Cheema from UNDP discusses a new report "Corruption and Integrity Improvement Initiatives in Developing Countries" published by the United Nations Development Programme and the Organization for Economic Cooperation and Development.

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ANNOUNCER: From United Nations Headquarters in New York, this is **World Chronicle**, an unedited interview programme about major global issues.

Here now to introduce our guest is the host of today's **World Chronicle.**

LITTLEJOHNS: I'm Michael Littlejohns, and this is **World Chronicle.**

The United Nations Development Programme, UNDP, today assists more than 25 countries, mostly in the developing world, to fight bribery, corruption and money laundering. The broad range of anti-corruption initiatives include strengthening accountability and transparency in governance, improving financial management systems and helping to formulate new national legislation to eliminate kickbacks and money laundering.

Our guest today is Shabbir Cheema, Director of UNDP's Management Development and Governance Division. His Division, together with the Organization for Economic Cooperation and Development, the OECD, has recently issued a report entitled "Corruption and Integrity Improvement Initiatives in Developing Countries". Mr. Cheema will be interviewed by Jerome Hule of the *News Agency of Nigeria* and Afsane Bassir-Pour of *Le Monde*.

Mr. Cheema, welcome to **World Chronicle.**

CHEEMA: Thank you.

LITTLEJOHNS: Mr. Cheema, when I read the material about your operations, my first reaction was lots of luck because I think you are going to be fighting a severe problem for quite a long time before you can make much impact. But before we get into that, what are we actually talking about in terms of corruption – bribery, money laundering? I mean there are many degrees of corruption. If a journalist is taken out to a slap-up dinner in hopes of the host receiving favourable mention in the news columns or on television or radio, as the case may be, that of course is in a sense a form of corruption that you could also say it's simply part of keeping the wheels oiled which business does all the time in that kind of entertainment. But what are you talking about in terms of corruption?

CHEEMA: What we are talking about in terms of corruption is really misuse of

political power for personal gains and let me give you a few examples. A government official gets a bribe from a major business in the country, does not collect taxes from that business, the government loses ten million dollars and the government official gets 500 thousand dollars in his/her bank account, that is corruption. Second example, the people are entitled to basic services such as access to the land title if they own the land, access to water supply if they are eligible. Now if a government official takes a bribe before providing these services, that is corruption. What you are describing is really a cultural phenomenon which takes place in many countries. It's a very culture specific thing and – so we are talking about a very different type of phenomenon than just taking a few journalists ...

LITTLEJOHNS: This is entertainment.

CHEEMA: Right.

LITTLEJOHNS: How common is this kind of thing? In the introduction we mentioned the twenty-five countries that you are assisting, but I am sure there must be far more than twenty-five countries where corruption, bribery, money laundering take place. Perhaps you could tell us which of the countries that you have identified as the most corrupt?

CHEEMA: Well we, from the United Nations Development Programme, have not undertaken a survey and we are not ranking the countries but the Transparency International has done ranking of the country according to ...

LITTLEJOHNS: What is Transparency International?

CHEEMA: Transparency International is a global NGO which is based in Berlin with chapters in many developing and developed countries so we work with them as does the World Bank and other international organizations. The anti-corruption programmes emanate from our country-level initiative that we from UNDP undertake in improving governance, in improving environment, in gender advancement, in poverty alleviation programmes. We have find that corruption is a major concern in many developing and developed countries and the root causes of corruption are many. But the breakdown of the government system is one of them. So therefore we come out with some strategies that

aim at improving the governance system thereby dealing with some of the -- providing some of the responses -- how to deal with it. If I may...

LITTLEJOHNS: Can you mention some of the countries that Transparency International has identified as among the worst offenders?

CHEEMA: Right. The countries that Transparency International has identified as some of the worst offenders are Cameroon, Nigeria, Tanzania, Honduras, Indonesia. These are some of the countries with the highest level of corruption which, again, is based on the perception of the business community about the level of corruption.

HULÉ: Do you have any projects dealing with these corruption from these countries that are classified as most corrupt?

CHEEMA: Well, we have projects in countries such as Tanzania, Pakistan, Philippines -- these are the projects. For example if I may give the example of the Philippines. In the Philippines we have a programme aimed at what we call investigative journalism because it is our view that if the media is very vocal and exposes the corrupt practices, this is a very significant check on those who have the temptation to take bribes. In Romania, one of the transitional economies, we have launched a major programme in cooperation with the Department of Justice of the United States. We are trying to improve the legal -- introduce legal reform and criminal -- the implementation system. So, yes, to varying degrees we have programmes in many of these countries dealing with accountability initiatives.

BASSIR POUR: Mr. Cheema, of course, corruption is not new. It has existed forever, probably, but until recently it was a word we could not even use especially high government officials. It was a "C" word. But recently we have witnessed a whole wave of bribery scandals at the level of heads of states -- from Zaire to Indonesia to Mexico. Now why suddenly are we talking so openly about corruption?

CHEEMA: Well, I think the reason for that are many and these are --in fact that is a good news that we are talking about the "C" word ...

BASSIR POUR: Yes, of course.

CHEEMA: The first is that the world has changed -- end of the cold war, more

decentralization, more democratic movement in developing countries, increased political awareness in developing countries. All these changes that have taken place at the global level have also taken place at the country level. So the result is there is a lot of pressure from below, from the constituents who want to know how their money, how their tax dollar is being spent. And it was in response to that that the General Assembly of the United Nations passed a resolution encouraging their Member States to take steps to deal with this issue as well as taking very strong action against corruption. So you have these global forces, national forces joining together and also really, based on the recognition that a lot of resources that would have gone for the development process may be siphoned off by some corrupt government officials. There is a survey done recently by Asian Development Bank, in which they did not mention the country, that in the last forty years there has been so much corruption in that country that if that corruption was half of what it was, it would have wiped off all of the foreign debt of that country. That is the kind of issue we are talking about.

BASSIR POUR: If I may just follow up. Now we mentioned a lot of scandals recently, again at the level of heads of states, but then we see nothing happens where all the billions of dollars of Mobutu of Zaire, of Suharto in Indonesia, and other places – Marcos – they never seem to get caught. I mean they seem to get away with these kind of billions of dollars that they have siphoned off. What are we doing about that?

CHEEMA: I think the people at the highest level – some of the examples that you gave – they also have very a sophisticated system when they were doing all that to ensure that they are not prosecuted because to prosecute people you need to go through a far more legal process and it takes a very long time. But I will not undermine or underestimate the significance of those events, *vis-a-vis* the global movement. I think it was because of the – what the global media focussed on what Marcos did, what Suharto of Indonesia did which enabled the United Nations and entities of the United Nations, such as UNDP, to be able to go and work in the countries on corruption improvement – integrity improvement initiatives. So yes, you are right that a lot of them got away with it but the positive side of that is that really ....

BASSIR-POUR: It was exposed.

CHEEMA: It works both ways, yes.

HULL: Yes, but you find that most of these ill-gotten wealth through corruption goes to some countries in Europe. They provided safe havens for this wealth. What can we do about that kind of practice where countries that are opposed to this kind of practice seem to be conniving ...?

LITTLEJOHNS: In other words, it's a two-way street between the developed and the developing countries.

CHEEMA: Absolutely. I think that point is very well-taken. We call it cross-border corruption. It is true that the major cases of corruption that take place involves some actors outside the countries as well in terms of kickbacks. Now I would say that the United States government has taken the lead. The US government has made it a criminal offense for an American business person to bribe officials in the developing countries. Unfortunately, that has not been the case in the European countries. In fact, in some of the European countries, the bribe that the representatives of the multinational corporations give is tax deductible. But the good news is, that under the leadership of the Organization of Development and Cooperation, OECD, the Paris-based Organization, the European countries have agreed to ratify a convention against bribery and to take steps to make it illegal in their country. They have not done it, but I think, we are hoping that it will be done soon.

LITTLEJOHNS: Mr. Cheema, of course the United States is well-known for its puritanism. The downside to what you have just said about American businessmen being subject to laws forbidding them from participating in bribery and corruption is that they are going to lose contracts and have done in fact. I mean it is easy enough to talk about imposing laws to prevent people from doing these things and perhaps the books in Europe also contain such laws in spite of what you said about bribery being tax deductible. But laws are only as good as their enforcement. What is happening in the developing countries and in the developed countries when it comes to that to enforce what laws there are?

CHEEMA: Well, I think in going back to internal factors that lead to more corruption is a very well taken point that the ability of the governments to implement the laws to combat corruption within their country is probably the most important factor because this corruption takes place within the border of the countries. It takes place with the active participation of actors within the country and in that regard, the United Nations Development Programme has supported two types of programmes to deal with this issue. One is the introduction of civil service reform to strengthen the capacity ...

LITTLEJOHNS: Civil Service reform?

CHEEMA: Right. ... to strengthen the capacity of government organization to enforce the laws which already exist. The second strategy that we have supported and many countries have initiated is to create semi-autonomous anti-corruption bodies which have the power and resources to investigate offenders and take them to court and I think through these two strategies, we hope that in many of the developing countries, this, what I call 'cancer of development corruption issue', can be reduced.

HULÉ: How many countries do you have this anti-corruption – independent anti-corruption bodies?

LITTLEJOHNS: Before you answer that, Mr. Cheema, this is World Chronicle. Our guest is Shabbir Cheema, Director of UNDP's Management Development and Governance Division.. You have a terrible title. Now please answer.

BASSIR POUR: A mouthful.

CHEEMA: I think that this title again reflects the United Nations. We were initially – it's related to a question that you raised earlier. The civil was not accepted before so we were Management Development, meaning training of civil servants, training for statisticians, dealing with the non-political factor. Then about three years ago, under the leadership of the Secretary-General, the Administrator of UNDP decided that governance is a key issue and therefore a governance portfolio should be added to my Division. And that is where we deal with corruption issues, we deal with support to parliament, human rights institutions, electoral bodies. These are all core governance issues and so that's why this title became very, very complex.

LITTLEJOHNS: Jerome, would you like to repeat your question?

HULÉ: Yes. My question was an agency that deals with corruption in individual countries that is independent. I recognize that you have a very important Agency, but I don't know how many countries where you have such bodies that are functioning the way they should be functioning?

CHEEMA: I think almost all of the developing countries have anti-corruption bodies but they are working to varying degrees of success. So I would say that the anti-corruption body in Botswana is working much better relatively. The anti-corruption body in Hong Kong, for example, is one of the models, as well as in Singapore, and there are some factors that lead to the success of that. That, again, as I said is the autonomy, flexibility, resources and the ability of the central government leadership to give that flexibility to that entity and not to use that entity to hound their opposition -- opposition to the government.

BASSIR POUR: There was another interesting development recently. The Secretary-General had a report on Africa and for the first time I noticed -- everybody noticed -- that he spoke about corruption and the problem that this causes in Africa and he mentioned -- he did not mention any countries but he said the large number of countries in that Continent. Now he knows, the Secretary-General knows, that this head of state that is sitting at the table with him is corrupt and he has the figures, but it is delicate -- he can't -- how can you actually tell the government -- how can the United Nations tell a government: "well your head of state is corrupt"? How can this balance be achieved?

LITTLEJOHNS: Does the United Nations have some kind of standard for these things?

CHEEMA: Well, I think, we, as you know, from the United Nations in developmental issues, we don't believe in conditionality, we believe in partnership. I think that no society is homogenous in the sense that always in every society there are some actors who are fighting out there to reduce corruption in their society. From the United Nations, including UNDP, what we do is to provide a forum through which those actors can get together and initiate a movement in their society and encourage their

government to take steps in that direction which we think, according to their own benefit. Of course as the United Nations, we have to work with the government and in that sense any programme that we initiate in the developing countries have to be cleared by the government but let me mention one thing to you is that, I think it is not the United Nations or any institutions in the developing countries or the West preaching to the developing countries as if the developing countries don't know this problem. The President of Ghana, a couple of months ago, had a two-day retreat with all of his ministers and the retreat was focussed on corruption and the ministers were asked to declare their assets within a few weeks after their retreat. You visit Pakistan, you look at the Prime Minister's speeches and you will see this issue being referred to again and again. So in most of the countries, combatting corruption is one of the issues that the governments have taken to deal with it. They are succeeding with different degree – they are having a different degree of success in that but this is something that the governments are already talking about. Obviously, if a government does not want United Nations Development Programme to have a project in their country on anti-corruption strategy, there is no way we can have their programme.

BASSIR POUR: I guess my question was there is no way of sanctioning any offending government. If you know that a certain government is totally corrupt, there is nothing you can really do except for helping them with different projects to combat it themselves. There are no such things as international sanctions.

CHEEMA: Yes, I think sanctioning of the countries based on the corrupt practices is not even desirable, in my view, because sanctions of any type generally don't succeed and this is – We must respect the sovereignty and independence of the countries and in that sense, our effort is really to support the countries in their effort. Of course, one thing we can do and we do do, is that when we find that in a country the level of corruption is very high, from UNDP of course we have our own mechanism to which we do the internal appraisal of the projects and the projects that we support have to be cleared by the government. But those projects have also to be agreed to by UNDP's internal decision-making structure without saying that that country is corrupt or not. We look at the

feasibility whether the project is going to succeed in a particular context and then approve it. Of course, there are agencies, such as the World Bank, which are taking a much more active role in that, but the Bank provides the loans and for the bank, of course, it takes a different perspective. From UNDP, we like to work in partnership with that country and see where the opportunities are, and work with the government in dealing with the problem, rather than trying, in any way, to demonize the governments.

BASSIR POUR: How does the World Bank deal with this?

CHEEMA: Well, the World Bank recently came with the World Bank policy on corruption where they are saying that one, there should not be corruption in the bank's own programmes, the way the programmes are given, and number two, they will send a few messages to the government if they feel that the level of corruption is very high. I think they are doing it in a very, more proactive way than they did in the past.

LITTLEJOHNS: Mr. Cheema, in reading your report it says that Latin Americans react with a mixture of shame, resignation and anger but not surprised to -- this is the survey by Transparency International. That they rated their region as one of the most corrupt on earth. Would you say that Latin America, which by the way has removed some Presidents who were thought to be corrupt or in fact were corrupt, would you say that Latin America is any worse than any other region?

CHEEMA: I will not compare regions because it is better to look at the countries. The determinant of corruption in Latin America is different than the corruption in Asia and Africa. Latin America, or many of the countries, are middle income countries with very high level of foreign investment from North America and the European countries. So the corruption takes different forms in the case of Latin America. But I will be reluctant, I think it is not even possible to characterize one region more corrupt than others.

LITTLEJOHNS: The same report says that Paraguay, where it is considered normal to own a car that was stolen in Brazil or Argentina, was second to last in this report, behind Cameroon in West Africa which you mentioned earlier on. Why do these -- of course, these are very poor countries -- do poverty and corruption go hand in hand, would you say?

CHEEMA: They do and that's where the phenomena of what is called petty corruption comes into the picture and this is a very controversial issue. A police constable, a police officer earning ten dollars a month, has to feed a family of six and takes a bribe which is twenty cents, thirty cents, fifty cents in one day. That is one example of corruption. A senior government official in the central ministry takes five million from a multinational corporation, that is another form of corruption. Some people argue that this petty corruption should continue to be – not to be banned so that – This is a survival strategies of the poor. I think ....

LITTLEJOHNS: Saves the government money also. They don't have to bring salaries up to a decent level ...

CHEEMA: Absolutely. But at the same time, the point is that we should really aim at the situation where the salaries are sufficient so that that police officer walking the street does not have to take thirty cents to feed his family. Because what it does is that it shatters the confidence of the people in the system and it makes it very inconvenient for the people. Everything you do, you want to do, you have to pay some bribe so I think, in that sense, our goal really should be to introduce civil service reforms, to improve the salary of the government functionaries at the local level in police, in customs, in education, in health, in welfare and to initiate the economic reform strategies which are pro-poor, which are pro-woman and which are pro-environment.

HULÉ: Generally speaking, what are the underlying factors responsible for the prevalence of corruption?

CHEEMA: The underlying factor for the prevalence of corruption of course varies from country to country but if I have to put them in different categories, I would say number one, where you have the political structures and institutions that are very weak, corruption is likely – more corruption is likely to take place. Number two, in a situation where the economy is now growing very rapidly, the population is growing very rapidly, there will be instances – lot of incidence of petty corruption. Number three, where the civil service does not work as a well-functioning institution – there is no accountability, there is no responsiveness of the civil servers – so when you put these three together, then

of course, the countries which are going through rapid economic transformation during transition from old communist socialist state to free enterprises, then these countries are trying to set up new systems.

LITTLEJOHNS: Mr. Cheema, new systems, that's all the time we have. Thank you for being with us on this edition of **World Chronicle.** Our guest has been Shabbir Cheema, Director of UNDP's Management, Development and Governance Division. He was interviewed by Jerome Hulé of the *News Agency of Nigeria* and Afsane Bassir Pour of *Le Monde*. I'm Michael Littlejohns. Thank you for joining us. We invite you to be with for the next edition of **World Chronicle.**